

sizable trade surplus, despite -- or perhaps because of -- its current recession. Behind such cryptic phrases as "freer trade" and "levelling the playing field" often lurk notions of replacing open, rules-based competition with managed trade, restrictive quotas, and regulated trade balances.

Likewise, in Europe there is some support for the idea of a closed, self-reliant bloc. Regional liberalization and policy harmonization are certainly laudable goals when aimed at deepening Europe's commitment to freer trade. However, these objectives become rather less admirable when one additional goal is to shut out global competition, especially from low-cost producers in Asia and Latin America.

Fortunately or unfortunately, there is no turning back the clock on globalization. Like the industrial revolution of the previous century, the kind of changes produced by rapid technological change and by the liberalized trading system have permanently altered the economic landscape. As we saw with the former Communist bloc, efforts to shut out these forces eventually collapsed, with the collapse of the Berlin Wall itself, largely because these countries were being left behind in an accelerating, footloose technological race. Countries must either move rapidly to adapt to change, or watch their productive capacities deteriorate and their living standards erode.

The central lesson of globalization for Canada is that we can only achieve economic growth through an open, outward-looking trade policy. In the current domestic economic climate -- characterized by accumulating private- and public-sector debts, high rates of taxation and anemic consumption -- there is no wellspring of demand waiting to be unleashed by the right macroeconomic "fix." Any meaningful domestic growth strategy must, almost by definition, be export-led.

Only by targeting new and additional markets, by assisting our firms to be competitive in those markets, and by creating an open, outward-oriented economic base for both domestic and foreign businesses, will this government have any realistic hope of securing long-term growth and job creation.

At the same time, we must focus not just on *how much* Canada exports but on *what* Canada exports. The type of markets we pursue, the delivery systems we provide and, perhaps most important, the productive climate we foster at home will in many ways shape the kind of Canadian economy that evolves in the years ahead.

We must also recognize that in a world of rapid and complex change, where international institutions are struggling to keep up, where other countries are employing a wide range of instruments to gain advantage in the global marketplace, and where Canada is but a "middle power," we need to be more focussed, more single-minded in the pursuit of our policy objectives.